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## Rewald Curbed in Bid to Blame CIA

### *Judge Restricts Telex Evidence of 'Arms Deal'*

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Star-Bulletin Writer

Ronald Rewald's attorneys yesterday attempted to introduce into evidence documents they think show that Bishop, Baldwin, Rewald, Dillingham & Wong was negotiating a multimillion-dollar military arms deal at the time the company collapsed.

But U.S. Judge Harold Fong severely limited the number of documents allowed into evidence because they do not show that the CIA controlled, directed or supervised the use of Bishop, Baldwin money.

Rewald claims that the CIA set up and ran his investment company, so it is responsible for the loss of millions of dollars of investors' money. He also claims that the CIA directed him to live a lavish lifestyle so he could attract highly placed foreigners.

Rewald's attorneys, however, have yet to present evidence of CIA control. They hoped to show the jury evidence that Rewald was the middleman in a deal to supply military arms to Taiwan. The commission from such a sale, some \$10 million, then would have been available to investors.

BUT THE ONLY evidence that such a deal existed are telexes between Rewald and one of his consultants, Ned Avary. Avary, a retired Air Force pilot, admits that he was Paris in 1981, meeting with a Lebanese arms dealer.

But he told the Star-Bulletin in a 1983 interview that the deal never went through and that he thought Rewald only wanted to generate telex messages to bolster his argument that he was heavily involved with the CIA.

Those telexes surfaced yesterday in Rewald's federal fraud trial but Fong would not let most of them into evidence. Fong said they were irrelevant since there was no evidence that the deal went through.

FBI special agent Glenn Martin, an accounting expert, said there was an appearance that negotiations concerning the arms deal were under way, but the deal never was completed. He said he considered the whole arms deal project as just another part of Rewald's "Ponzi scheme."

Martin has testified that Rewald attempted to create an aura of a legitimate business to disguise a scheme to get more investors to put money into his company.

"MY ANALYSIS is that the arms deal negotiation) was part of the trappings of the Ponzi scheme," Martin said.

Wayne Parsons, one of Rewald's attorneys, argued to Fong that the arms deal was an investment that would have yielded "substantial funds" to Bishop. Baldwin had it not collapsed in August 1983.

But Fong said it was "highly speculative" that there actually was an arms deal, and refused to let a number of documents generated by Rewald to be introduced into evidence.

Martin said that if there had been "a hint of a transaction," it would have been investigated by other FBI agents. He was mainly concerned with reconstructing the flow of money in and out of Bishop, Baldwin during the six years it was in operation.

Other than the telexes, Martin said, he could find no mention of the arms deal in CIA or Bishop, Baldwin files.

IN ONE TELEX, Avary advised Rewald that he had made contact with an "awesome yet affable Lebanese guerrilla" concerning the purchase of military equipment. The equipment included tanks, helmets and laser-sighting devices.

Martin said he was confident that there were no Bishop, Baldwin expenditures to a "Lebanese guerrilla."

Fong also refused to allow as evidence documents showing that Rewald formed three corporations with foreign nationals, including an Arab and a Philippines banker. There was nothing to tie those corporations in with the loss of investors' money or to show that the CIA was somehow connected.

The government is expected to wrap up its case by Friday or early next week. Then it will be Rewald's turn to introduce all of the evidence he has to show that he is not guilty of fraud, perjury and tax evasion.